

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

**DOCKET NO. 2020-\_\_-E**  
**DOCKET NO. 2020-\_\_-E**

**November 2, 2020**

IN RE:

Duke Energy Carolinas, LLC's  
Establishment of Solar Choice  
Metering Tariffs Pursuant to S.C. Code  
Ann. Section 58-40-20  
  
Duke Energy Progress, LLC's  
Establishment of Solar Choice  
Metering Tariffs Pursuant to S.C. Code  
Ann. Section 58-40-20

**STIPULATION**

This Stipulation is made by and among Duke Energy Carolinas, LLC ("DEC"); Duke Energy Progress, LLC ("DEP" and together with DEC, the "Companies"); North Carolina Sustainable Energy Association; Southern Environmental Law Center on behalf of South Carolina Coastal Conservation League, Southern Alliance for Clean Energy, and Upstate Forever; and Vote Solar (collectively referred to as the "Stipulating Parties" or sometimes individually as a "Stipulating Party").

WHEREAS, the above-captioned proceedings have been established by the Public Service Commission of South Carolina (the "Commission") pursuant to S.C. Code Ann. § 58-40-20;

WHEREAS, the Stipulating Parties have varying positions regarding the issues in this case;

WHEREAS, the Stipulating Parties have engaged in discussions to determine whether a stipulation to the following issues would be in their best interests;

WHEREAS, following these discussions the Stipulating Parties have each determined that their interests and the public interest would be best served by stipulating the below issues in the above-captioned cases under the terms and conditions set forth below, which are all conditioned upon the Commission's approval of the same in its entirety.

#### **A. RESERVATION OF RIGHTS**

A.1 The Stipulating Parties expressly reserve the right to engage in (i) cross-examination of any witnesses testifying on behalf of other Stipulating Parties and (ii) re-direct of their own witnesses.

#### **B. STIPULATION TERMS**

B.1 The Stipulating Parties aver that the proposal set out immediately below complies with applicable South Carolina laws and regulations—including the requirements and the spirit of S.C. Act No. 62 of 2019 (“Act 62”). Specifically, the Stipulating Parties agree that the proposal achieves the goals set forth in Act 62 for the next generation of net energy metering (“NEM”), in part, through the use of innovative rate-making structures—including “time-variant”<sup>1</sup> pricing—to ensure that any estimated cost-shifts and subsidizations are “eliminated to the greatest extent practicable,”<sup>2</sup> while also permitting the use of behind the meter customer-generation “without penalty.”<sup>3</sup> Therefore, such proposal is hereby adopted, accepted, and acknowledged as the stipulation of the Stipulating Parties.

#### **Interim Riders**

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<sup>1</sup> S.C. Code Ann. § 58-40-20(F)(3)(b).

<sup>2</sup> S.C. Code Ann. § 58-40-20(G)(1).

<sup>3</sup> S.C. Code Ann. § 58-40-20(G)(2).

B.2 The Stipulating Parties agree for purposes of this stipulation and without prejudice to the position of any Stipulating Party in any future proceeding that the Companies' proposal for the interim solar choice riders for DEC and DEP (collectively, the "Interim Riders") is just and reasonable and complies with the requirements of Act 62, including S.C. Code Ann. § 58-40-20(G).

B.3 The Companies agree to offer the Interim Riders to residential customers submitting applications received from June 1, 2021, through and including December 31, 2021. These customers will remain on their existing rate schedule (e.g. RS, RES, R-TOUD, etc.) until May 31, 2029, and will be placed on a new NEM rider, which will include monthly netting with net excess energy credited at avoided cost (i.e. the new netting policy) and non-bypassable charges for costs not directly related to the provision of electric service for each applicant. This includes costs such as energy efficiency costs, cyber security costs, and storm cost recovery.

B.4 This interim rate period is necessary for the Companies to continue to offer an option for customers to adopt solar while the Companies work to switch over to their new billing system to efficiently bill the new Permanent Tariffs (as defined below) effective January 1, 2022. NEM under the Interim Riders will be billed manually for applications received during that interim period.

B.5 Between June 1, 2021, and December 31, 2021, there will be a monthly cap on solar applications of 1.2 MW for DEC and 300 kW for DEP per month. If the monthly cap is reached and a customer still wants to install solar under an Interim Rider through 2029, the customer must withdraw its application and submit it again the next month, but there is no assurance that capacity will be available.

B.6 Customers under the Interim Riders will be allowed on this structure until May 31, 2029, at which point they will be given the option to switch to the Permanent Tariffs. If they

elect not to be on the Permanent Tariffs, they can stay on the standard residential tariff but any volumetric price increase after their transfer year will be placed in a non-bypassable charge based on the estimated total solar energy production of their system size for the remaining life of the system. The solar customer will also be assessed a minimum bill set at \$10 more than the Basic Facilities Charge (“BFC”) at that time. This minimum bill will be applied in the same manner as the Monthly Minimum Bill in the Permanent Tariffs, in that it will recover some portion of the Companies’ estimated customer and distribution costs. The minimum bill charge is reduced by the BFC and the portion of the customer’s monthly volumetric energy charges specific to customer and distribution costs.

### **Permanent Tariffs**

B.7 The Stipulating Parties agree for purposes of this stipulation and without prejudice to the position of any Stipulating Party in any future proceeding that the Companies’ proposal—as shown on **Stipulation Exhibit 1**—for the permanent solar choice riders and rate schedules for DEC and DEP (collectively, the “Permanent Tariffs”) is just and reasonable and complies with the requirements of Act 62, including S.C. Code Ann. § 58-40-20(G).

B.8 The Companies agree to offer the Permanent Tariffs to residential customers submitting applications for the Solar Choice Program after December 31, 2021.

B.9 The Companies agree that existing residential NEM solar customers would be given the option to switch to the Permanent Tariffs in 2025 or 2029 depending upon the year in which their existing tariffs sunset. If the existing NEM solar customer elects not to be on that rate, they could stay on the standard residential tariff but any volumetric price increase after the transfer year would be placed in a non-bypassable charge based on their system size for the remaining life of the system, and will include monthly netting of excess energy. The existing NEM customer would also be assessed a minimum bill set at \$10 more than the Basic Facilities

Charge at that time. This minimum bill will be applied in the same manner as the Monthly Minimum Bill in the Permanent Tariffs, in that it will recover customer and distribution costs. The minimum bill charge is reduced by the BFC and the portion of the customer's monthly volumetric energy charges specific to customer and distribution costs.

### **Non-Residential Customer-Generators**

B.10 The Stipulating Parties agree for purposes of this stipulation and without prejudice to the position of any Stipulating Party in any future proceeding that each Companies' proposal for a non-residential Solar Choice Program rider (collectively, the "Non-Residential Riders") is just and reasonable and complies with the requirements of S.C. Act No. 62 of 2019, including S.C. Code Ann. § 58-40-20(G).

B.11 The Companies agree to offer the Non-Residential Riders to non-residential customer-generators applying for interconnection after June 1, 2021. Those customers will be served under their existing tariff and a Non-Residential Rider, which will include monthly netting of excess energy.

B.12 Monthly net excess energy will be applied as a bill credit at the same rate as residential customer-generators.

### **Commitment to Address Additional Items Within Act 62**

B.13 In furtherance of Act 62's goal to "support access to solar energy options for all South Carolinians, including those who lack the income to afford the upfront investment in solar panels or those who do not own their homes or have suitable rooftops,"<sup>4</sup> the Stipulating Parties shall, within 180 days of the Commission issuing a final order in these dockets, initiate a stakeholder process whereby the Stipulating Parties, in consultation with other interested

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<sup>4</sup> S.C. Code Ann. § 58-41-40(A).

stakeholders, would explore a Residential Solar Choice Program option tailored to low-income customers as a potential future energy efficiency or demand response program.

B.14 In furtherance of Act 62’s goal to “provide opportunities for customer measures to reduce or manage electrical consumption from electrical utilities in a manner that contributes to reductions in utility peak electrical demand and other drivers of electrical utility costs,”<sup>5</sup> the Companies will work with stakeholders to ensure broad technology inclusion and identify other peak load reduction technologies that can be used in conjunction with the Solar Choice Program. As a step toward achieving this goal—as well as Act 62’s intent to employ “energy and cost-saving measures”<sup>6</sup>—the Companies will develop and soon file EE/DSM programs for customer generators for consideration in the Companies’ EE/DSM dockets in South Carolina and North Carolina.

### **C. REMAINING STIPULATION TERMS AND CONDITIONS**

C.1 The Stipulating Parties agree that this Stipulation is reasonable, is in the public interest, and is in accordance with law and regulatory policy. This Stipulation in no way constitutes a waiver or acceptance of the position of any Stipulating Party concerning the subject matter herein in any future proceeding.

C.2 The Stipulating Parties agree to cooperate in good faith with one another to obtain all necessary approvals—including approval of this Stipulation by the Commission—in South Carolina and North Carolina to implement the proposal across the Companies’ service territories. The Stipulating Parties, including their agents, further agree that communications regarding the Stipulation, either between the Stipulating Parties or with non-signatories hereto, shall be supportive of the terms agreed to in this Stipulation.

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<sup>5</sup> S.C. Code Ann. § 58-27-845(A)(2).

<sup>6</sup> S.C. Code Ann. § 58-27-845(B).

C.3 This Stipulation contains the complete agreement of the Stipulating Parties regarding the terms and conditions of proposed tariffs filed in the above-referenced dockets. This Stipulation integrates all discussions among the Stipulating Parties regarding the terms and conditions of the filed tariffs into the terms of this written document. The Stipulating Parties agree that this Stipulation will not constrain, inhibit or impair their arguments or positions held in future proceedings, nor will this Stipulation or any of the matters agreed to in it be used as evidence or precedent in any future proceeding.

C.4 This Stipulation shall be interpreted according to South Carolina law.

C.5 This Stipulation does not establish any precedent with respect to the issues resolved herein, and in no way precludes any Stipulating Party herein from advocating an alternative approach or position in any future proceedings that are not within the scope of, or otherwise contemplated by, this Stipulation.

C.6 This Stipulation shall bind and inure to the benefit of each of the signatories hereto and their representatives, predecessors, successors, assigns, agents, shareholders, officers, directors (in their individual and representative capacities), subsidiaries, affiliates, parent corporations, if any, joint ventures, heirs, executors, administrators, trustees, and attorneys.

C.7 The Stipulating Parties represent that the terms of this Stipulation are based upon full and accurate information known as of the date this Stipulation is executed. If, after execution, but prior to a Commission decision on the merits of this proceeding, a Stipulating Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that information upon which this Stipulation is based, that Stipulating Party may withdraw from the Stipulation with written notice to every other Stipulating Party.

C.8 The above terms and conditions represent the agreement of the Stipulating Parties in these dockets. Therefore, each Stipulating Party acknowledges its consent and agreement to

this Stipulation by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any Stipulating Party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Stipulation.

**[STIPULATING PARTY SIGNATURES TO FOLLOW ON SEPARATE PAGES]**



**Representing Duke Energy Carolinas, LLC and Duke Energy Progress, LLC**

*Heather Shirley Smith*

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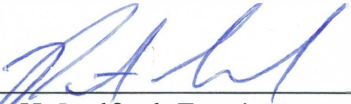
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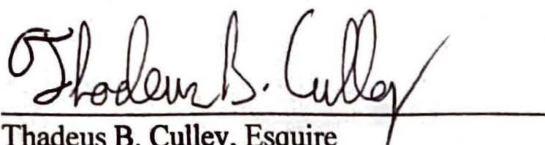
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**Representing Vote Solar**

A handwritten signature in black ink, reading "Thadeus B. Culley", is written over a horizontal line.

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## STIPULATION EXHIBIT 1

### Permanent Tariff for DEC and DEP

- The Permanent Tariff for residential solar PV customer generators is a Critical Peak Pricing (“CPP”) Time of Use (“TOU”) tariff and residential solar customer generators must receive service under this tariff (with the exception of the Interim Riders outlined above). This rate schedule will only apply to partial requirements rooftop solar customers.

	Prices without Riders and before future fuel cost adjustments (c/kWh)	
	DEC SC	DEP SC
Peak	15.1760	15.843
Off-Peak	8.7586	9.529
Super-Off-Peak	6.0268	6.994
Critical Peak*	25	25

\* Price for peak hours on up to 20 Company-designated Critical Price days per year

- TOU Periods (all times in Eastern Prevailing Time)
  - Annual On-peak period will be from 6:00 pm – 9:00 pm
  - Additional December-February On-peak from 6:00 am – 9:00 am
  - March-November Super Off-peak from 12:00 am – 6:00 am
- A Monthly Grid Access Fee (“GAF”) is intended to recover distribution costs of customers with system sizes greater than 15 kW-dc, which are larger than for the average customer. To design the GAF, the average maximum demand for customers with greater than 15 kW-dc systems was determined and applied the distribution unit cost to estimate the total distribution cost. The GAF was then set to the level that would recover this cost minus the portion already recovered in through the minimum bill. The GAF would be applied to the nameplate capacity in excess of 15 kW-dc. The GAF until the implementation of any future rate cases in DEC-SC or DEP-SC will be:
  - DEC GAF: \$5.86/kW - dc/month
  - DEP GAF: \$3.95/kW - dc/month
- Monthly Minimum Bill (“MMB”) recovers customer and distribution costs applied after riders but before GAF, any non-bypassable charges, or excess energy credit. The MMB would be \$30 to ensure recovery of customer and distribution costs from solar choice customers. The \$30 MMB is reduced by the Basic Facilities Charge (“BFC”) and the portion of the customer’s monthly volumetric energy charges specific to customer and

distribution costs. If the combination of the BFC, specific volumetric energy charges, and bypassable riders is less than \$30, then the MMB charge is equal to the difference. Any avoided cost bill credits for net excess energy can be used to reduce a customer's bill after the MMB has been applied.

- BFC of \$13.09 for DEC and \$14.63 for DEP and will change in accordance with any future changes in the BFC for the residential TOU rate schedules. The Stipulating Parties are not limited in their ability to litigate issues related to the amount or calculation of the BFC.
- Monthly excess net exports are credited at an annualized rate (weighted average rate for all hours assuming a fixed block of energy) for avoided energy cost as specified by the per kWh rates and charges in Schedule PP - Purchased Power (DEC) and SC Schedule PP – Purchased Power (DEP).
  - The Companies will maintain the fixed block of energy methodology that is used in Rider RNM but reserves the right to use a solar energy profile instead.
  - The Companies will maintain the practice of using an annualized rate but reserve the right to use different rates for each month instead.
- All costs related to Demand Side Management/Energy Efficiency, storm cost recovery, and cyber security are non-bypassable with the option of proposing new components to the non-bypassable list of charges with no direct link to customer kWh usage. Inclusion of additional possible Solar Choice Program costs would be handled in separate proceedings and rate cases.
  - Non-bypassable cost recovery would be a monthly non-volumetric charge based on customer-generator system capacity with a modeled annual capacity factor representing the system's entire output.
- Imports and exports will be netted within each TOU pricing period initially, and net exports during that pricing period are credited at avoided cost as explained above. CPP applies to all imports during the CPP hours. Any energy exports during the CPP hours will be netted against peak imports, not the Critical Peak imports
- Renewable energy certificate for all solar generation will be transferred to the Companies upon being placed on the rate for the length of time the customer enrolls in a Permanent Tariff.
- The designation of critical peak pricing days and hours will be set daily and will be posted daily on the Companies' website as the official customer notification. Additionally, the designation of CPP will be communicated to Customers by other means, including but not limited to email if desired and optionally through text message, again as desired by such Customers.

- The Companies could shift the CPP hours (but not the TOU hours) by 1 hour if it becomes necessary to avoid snap-back. The total number of CPP hours per day would remain the same regardless of any shift.
  - The peak hours would be used to provide flexibility for system operations.
- The Companies will maintain the TOU hours as defined above for enrolled customers (re: peak/off-peak/super-off-peak) for at least 10 years.
- The Companies will keep the general rate structure consisting of volumetric time varying rates and no demand charges described in this Permanent Tariff open to customers for at least 10 years.